

Vendor Agreement

Southern Foods Group, LLC

_____, 2019

TO: [Critical Vendor]
[Name]
[Address]

Dear Valued Supplier:

As you are aware, Southern Foods Group, LLC, Dean Foods Company, and certain of their affiliates (collectively, the “**Company**”) commenced chapter 11 cases (collectively, the “**Chapter 11 Cases**”) by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of Texas (the “**Bankruptcy Court**”) on [●], 2019 (the “**Petition Date**”). On the Petition Date, the Company requested the Bankruptcy Court’s authority to pay the prepetition claims of its suppliers in part in recognition of the importance of the Company’s relationship with such suppliers and its desire that the Chapter 11 Cases have as little effect on the Company’s ongoing business operations as possible. On [●], 2019, the Bankruptcy Court entered a[n] [interim][final] order (the “**Order**”) authorizing the Company, under certain conditions, to pay the prepetition claims of suppliers that agree to the terms set forth below and to be bound by the terms of the Order. A copy of the Order is enclosed.

In order to receive payment on account of prepetition claims, you must sign this agreement (“**Vendor Agreement**”) and agree to continue to supply goods and services to the Company based on “**Customary Trade Terms**.” In the Order, Customary Trade Terms are defined as the normal and customary trade terms, practices, and programs (including, but not limited to, credit limits, pricing, cash discounts, timing of payments, allowances, rebates, coupon reconciliation, normal product mix and availability, and other applicable terms and programs) that were most favorable to the Company and in effect between you and the Company in the one-year period prior to the Petition Date, or such other trade terms as you and the Company agree upon.

For purposes of administration of this trade program as authorized by the Bankruptcy Court, you and the Company both agree that:

1. The agreed-upon balance of your prepetition claim (net of any setoffs, credits, or discounts) is \$ _____ (the “**Critical Vendor Claim**”).
2. The Company agrees to provisionally pay you _____% of the Critical Vendor Claim, or \$ _____ upon execution of this Vendor Agreement.
3. You hereby agree to waive any remaining claim against the Company.

4. You agree to supply post-petition goods to the Company in accordance with the Customary Trade Terms, which include (if more space is required, attach continuation pages): _____

5. During the pendency of the Chapter 11 Cases you will continue to extend to the Company all Customary Trade Terms (as described above).

6. You will not demand a lump-sum payment upon consummation of a chapter 11 plan in the Chapter 11 Cases on account of any administrative expense priority claim that you assert, but instead agree that such claims will be paid in the ordinary course of business after consummation of a plan under applicable Customary Trade Terms, if the plan provides for the ongoing operations of the Company.

7. You will not separately seek payment for reclamation and similar claims outside of the terms of the Order.

8. You will not file or otherwise assert against the Company, the estates, or any other person or entity or any of their respective assets or property (real or personal) any lien (regardless of the statute or other legal authority upon which such lien is asserted) or interest related in any way to any remaining prepetition amounts allegedly owed to you by the Company arising from agreements entered into prior to the Petition Date. Furthermore, you agree to take (at your own expense) all necessary steps to remove any such lien or interest as soon as possible.

9. If either the Critical Vendor payment program authorized by the Order (the “**Critical Vendor Payment Program**”) or your participation therein terminates as provided in the Order, or you later refuse to continue to supply goods to the Company on Customary Trade Terms during the pendency of the Chapter 11 Cases, the Company may (a) declare any payments you receive on account of your Critical Vendor Claim to be voidable post-petition transfers pursuant to section 549(a) of the Bankruptcy Code that the Company may recover from you in cash or in goods (including by setoff against post-petition obligations), and (b) demand that you immediately return such payments to the extent that the aggregate amount of such payments exceeds the post-petition obligations then outstanding without giving effect to alleged setoff rights, recoupment rights, adjustments, or offsets of any type whatsoever. Upon recovery of such payment by the Company, your Critical Vendor Claim shall be reinstated in such an amount as to restore the Company and you to your original positions, as if the agreement had never been entered into and the payment of the Critical Vendor Claim had not been made.

10. The undersigned, a duly authorized representative of [Critical Vendor Creditor], has reviewed the terms and provisions of the Order and agrees that [Critical Vendor Creditor] is bound by such terms.

11. Any dispute with respect to this letter agreement, the Order and/or your participation in the Critical Vendor Payment Program shall be determined by the Bankruptcy Court.

If you have any questions about this Vendor Agreement or our financial restructuring, please do not hesitate to call.

Sincerely,

Southern Foods Group, LLC

By: _____
[Name]
[Title]

Agreed and Accepted by:
[Critical Vendor]

By: _____
Its: _____

Dated: _____, 2019